



House of Commons
Environmental Audit Committee

**The Government's
25 Year Plan for
the Environment:
Government Response
to the Committee's
Eighth Report**

**Twelfth Special Report of Session
2017–19**

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Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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Committee reports are published on the Committee's website at www.parliament.uk/eacom and in print by Order of the House.

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Committee staff

The current staff of the Committee are Lloyd Owen (Clerk), Leoni Kurt (Second Clerk), Nicholas Davies (Committee Specialist), Laura Grant (Committee Specialist), Laura Scott (Committee Specialist), Jonathan Wright (Senior Committee Assistant), Baris Tufekci (Committee Assistant), Anne Peacock and Simon Horswell (Media Officers).

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Twelfth Special Report

The Environmental Audit Committee published its Eighth Report of Session 2017–19, *The Government's 25 Year Plan for the Environment* (HC 803) on 24 July 2018. The Government's response was received on 4 October 2018 and is appended to this report.

Appendix: Government Response

Introduction

We thank the Committee for its inquiry and recommendations. Our response largely follows the structure used by the Committee in its report, and covers each paragraph in the Committee's conclusion and recommendations section. We have grouped recommendations where they are similar to reduce duplication.

Ambition and Delivery

Recommendations 1, 2

The 25 Year Plan for the Environment sets out a necessary and welcome cross-government ambition to move from environmental protection to environmental recovery. However, the ambition to “leave the natural environment in a better state than we found it” has been stated Government policy since the 2015 General Election. We are therefore concerned that delivery is, for the most part, still being expressed in terms of further consultations and long-term aspirational targets without supporting delivery plans. For the Government's ambition to achieve credibility it needs to move rapidly from promises and consultations to specific actions and legislation. (Paragraph 16)

We believe the Government should put the Plan on a statutory basis. This would set a long-term direction across the whole of Government. (Paragraph 17)

Publication of the 25 Year Environment Plan (25 YEP) constitutes a significant step forward in reversing the decline in this country's environment. It sets out how we will deliver on this government's long-term aspiration to protect and improve our environment. It contains 10 goals and is underpinned by a natural capital approach. The goals are:

- Clean Air
- Clean and Plentiful Water
- Thriving Plants and Wildlife
- A Reduced Risk of Harm from Environmental Hazards such as Flooding and Drought
- Using Resources from Nature more Sustainably and Efficiently
- Enhanced Beauty, Heritage and Engagement with the Natural Environment

- Mitigating and Adapting to Climate Change
- Minimising Waste
- Managing Exposure to Chemicals
- Enhancing Biosecurity

The 25 Year Plan also contains over 200 actions grouped around 7 themes. The actions range from specific, time bound outputs, such as our commitment to set up a new, world leading public body to hold government to account on the environment, through to radical areas of policy reform which will take some time to develop. The latter category contains policies such as the new environmental land management system of payments that will be instrumental in delivering a green Brexit by supporting the custodians our land, to act as the transformative environmental stewards we need.

We share the Committee's desire for greater action, delivery plans, and the need for more pace, but also believe that it is appropriate to consult fully and develop robust strategies that recognise the environment is a complex interacting system.

We note the Committee's recommendation to place the plan on a statutory basis. On 18 July 2018, the Prime Minister announced that the government will bring forward the first Environment Bill in over 20 years. This builds on the 25 Year Environment Plan, setting out what we are doing to improve the environment for the next generation.

Recommendation 3

The Plan must not be an excuse for delaying Government action. Many environmental issues pose immediate threats which require urgent action. For example, the Government has been taken to court three times for breaching air quality limits. More short-term, targeted action is required to tackle air pollution now, and not just within 25 years. (Paragraph 18)

Air quality has improved significantly over recent decades and will continue to improve thanks to the action we have already taken. Emissions of Nitrogen Oxides have decreased by 27% from 2010 to 2016, and are at their lowest levels since records began. Of all the air quality targets, we remain in exceedance on just one, roadside NO₂, and our 2017 plan for tackling roadside nitrogen dioxide concentrations sets out how we and local government will together meet the targets as soon as possible.

Our Clean Air Strategy builds on our £3.5bn plan to tackle the most immediate air quality challenge of nitrogen dioxide concentrations around roads, the only statutory air quality limit the UK is currently failing to meet. In July 2017, we published the UK Plan for Tackling Roadside Nitrogen Dioxide Concentrations, setting out how we will achieve compliance in the shortest possible time, supported by a £3.5 billion investment into air quality and cleaner transport.

Although we were taken to court on our Air Quality Plan in 2017, two of the three complaints brought by ClientEarth against this Plan were dismissed. The Court has asked us to go further in 33 local authority areas with shorter-term air quality problems. We took immediate steps to require these local authorities to develop a targeted feasibility study by 31 July 2018, to consider measures that could bring forward compliance in

the shortest possible time, along with guidance and funding to support them with this process. Government is reviewing these studies ahead of publishing a supplement to the Air Quality Plan by the October 5th deadline set by the court.

The government recognises more needs to be done because there is increasing evidence of the impacts poor air quality has on public health, on the economy, and on the environment. That is why we have published our new world leading Clean Air Strategy, which is subject to consultation. It sets out how ambitious reductions for the five key pollutants will be achieved by 2030. This includes:

- Introducing ambitious new goals for particulate matter emissions, based on World Health Organisation recommendations.
- Bringing forward primary legislation on clean air, giving local government powers to take decisive action in areas with air pollution problems.
- Ensuring that only the cleanest domestic fuels and stoves will be available for sale - preventing 8,000 tonnes of harmful particulate matter from entering the atmosphere each year.
- Taking concerted action to tackle ammonia from farming – which is responsible for 88% of ammonia emissions – by requiring and supporting farmers to invest in the equipment that will reduce emissions.

Additionally, the Department for Transport recently published its Road to Zero Strategy which sets out the trajectory and approach for shifting to zero exhaust emission vehicles and ending the sale of conventional petrol and diesel cars and vans by 2040.

Targets

Recommendations 4, 5

If the Plan is to have any chance of delivering its overarching ambitions, it requires targets against which the Government's progress can be judged by Parliament and the public. We want to see the Government's ambitions for environmental recovery set out clearly and explicitly. *Before the draft Environmental Principles and Governance Bill is published, the Government should bring forward specific, measurable and achievable targets across the 25 Year Plan's aims. (Paragraph 24)*

Long-term aspirational targets are important for setting a direction of travel and driving ambition. The key areas where measurable targets can be set should be made legally binding as part of the Government's upcoming environmental legislation. These include:

- *water (stress and quality)*
- *marine;*
- *waste;*
- *air quality;*
- *soil health;*

- *habitats (biodiversity conservation);*
- *species conservation (insects, birds, mammals)*
- *trees/plants; and*
- *environmental equality (access to environmental justice)*

As the experience of the Climate Change Act and EU law shows, this creates confidence in the direction of travel for the private sector to invest and plan and helps citizens, NGOs and Parliament hold the Government to account. (Paragraph 33)

The government already has extensive legal targets for the environment ranging from water quality to air quality to waste management. These targets exist in domestic law and will continue to have effect after the UK leaves the EU.

The government recognises the role of targets and the 25 Year Environment Plan includes 200 measurable actions. We have committed to report on policy targets and on environmental outcomes overall, and Parliament will have a role in scrutinising government's performance against its commitments.

On 18 July 2018, the Prime Minister announced that the government will bring forward the first Environment Bill in over 20 years. This builds on the 25 Year Environment Plan, setting out what we are doing to improve the environment for the next generation.

Recommendation 6

Long-term targets are necessary but not sufficient in themselves. Without robust short and medium-term planning and governance there will be the temptation for Governments to endlessly “back-load” action onto their successors - even when this results in greater costs in the future. Taking the Climate Change Act as a model, the new oversight body should have a statutory duty to advise on the setting of five-yearly plans to meet the longer-term targets. The Government should be required to legislate for interim targets across the areas of the Plan, in a similar way to the operation of carbon budgets and incorporate this process into its planned five-yearly reviews of the Plan. The departments and public bodies who hold the policy levers to deliver these targets must also be accountable for meeting them. (Paragraph 34)

We agree with the Committee's advice that 'back-loading' of action should be avoided. In the 25 Year Environment Plan, we set out our initial thinking about how the process of refreshing the Plan would operate, noting a balance needs to be struck between clear, long-term direction and flexibility to adapt to new circumstances and evidence.

We still maintain that transparency is critical. That is why we have committed to engaging widely on the development of a comprehensive suite of indicators and metrics to measure environmental change and to report on those regularly. We have also committed to report to Parliament annually on progress in delivering the 25 Year Environment Plan and to refresh the Plan itself at least every 5 years.

We have recently consulted on a new, world leading statutory body to hold government to account on the environment, as set out later in this document. We are analysing responses to this consultation to determine proposals to bring forward in the future Environment Bill.

Recommendations 7, 8

Parliament and the public should be able to see at a glance where the Government’s ambitions exceed, meet or fall short of its current commitments. Whilst we welcome the Secretary of State’s commitment to publish an audit of the Plan’s targets against existing commitments, this should have been a feature of the document from the start. It is concerning that some targets appear to have been weakened and had evasive wording inserted. The Plan’s failure to incorporate the Sustainable Development Goals shows there is still a “doughnut-shaped hole”, which our predecessor Committee identified in the Government’s thinking about domestic implementation of the Goals. (Paragraph 42)

The Government should publish its “audit” of existing national, European Union and international environmental targets before or alongside its response to this report. This should be accompanied by a ministerial statement. All subsequent Government consultations and strategies arising from the Plan, or linked to it, should be explicit about whether their targets derive from international, EU or domestic commitments, or are new. As part of the audit all targets should also be mapped against the Sustainable Development Goals. Any “slips of the pen”, where targets are weaker than those they replace, or where evasive or loose wording has been introduced, should be corrected and intentional changes explained. (Paragraph 43)

The 25 Year Environment Plan sets out an ambitious vision for the environment and we have been consistently clear that we will not weaken our environmental protections in leaving the EU, indeed we will strengthen them. The EU (Withdrawal) Act will ensure existing EU environmental law continues to have effect in UK law immediately after exit, providing businesses and stakeholders with continuity and certainty as we leave the EU.

Longer term, leaving the EU means we have the opportunity to identify ways of strengthening environmental policy and tailoring it more to domestic needs, priorities and our ambition for an improved environment as set out in the 25 Year Environment Plan;

The government has made clear in the 25 Year Environment Plan that it is committed to delivering the Sustainable Development Goals.

We are undertaking an audit of the main existing environmental targets in line with the EAC’s recommendation. This will be published in due course.

Recommendation 9

Accountability for the delivery of the Plan is key. The Government must not mark its own homework. We agree with the Secretary of State that there should be regular progress reports to Parliament. We recommend that this is delivered bi-annually as an oral statement by the Secretary of State at set points in the parliamentary year, shortly after the Budget and Spring Statement. This would allow the Secretary of State to set out how the fiscal event is contributing to the achievement of the Plan. This report must be underpinned by a robust and independent assessment of performance produced by the new oversight body and laid before Parliament at the same time as the statement. (Paragraph 47)

In the 25 Year Environment Plan, we acknowledge the importance of transparency, regular reporting on progress, effective scrutiny and accountability. We have committed to produce annual progress reports on the Plan itself and to report on changes in a comprehensive suite of environmental indicators and metrics currently under development.

We agree with the Committee's view of the need for independent assessments of progress towards the goals set out in the Plan. We also agree that Parliament has an important role to play in the scrutiny of this progress. We will bring forward more details on the role of the new body shortly.

Governance**Recommendations 10, 11**

The Secretary of State has acknowledged the importance of European Union institutions' role in enforcing environmental protections. The Government must not allow leaving the EU to weaken environmental protection in the UK. As a minimum, the proposed watchdog must replicate or build on the role the EU institutions play in protecting our environment. The Government's proposals as yet do not do that. The draft bill required by the European Union (Withdrawal) Act must do so. (Paragraph 69)

The Government should create in UK law an independent oversight body—The Environmental Enforcement and Audit Office (EEAO)—reporting to Parliament to ensure, not only that the governance, enforcement, oversight and policy functions currently carried out by the European Commission and European Environment Agency are not lost on leaving the EU, but that these functions are strengthened in order to enable delivery of the Government's stated objective of restoring as well as maintaining the state of the UK's nature and biodiversity. (Paragraph 70)

The Prime Minister has been clear that we will use the opportunity Brexit provides to strengthen and enhance our environmental protections – not to weaken them. To guarantee this the government is committed to:

- Incorporating existing EU environmental law into domestic law when we leave the EU, as now provided for under the EU (Withdrawal) Act 2018.

- Setting out plans for ‘a new, world leading independent statutory body to hold government to account and give the environment a voice’, on which we have already consulted.
- Establishing a strong set of statutory environmental principles, as also covered in our recent consultation.
- Publishing draft legislation this autumn to implement in full section 16 (Maintenance of environmental principles etc.) of the EU (Withdrawal) Act 2018 and a new ambitious Environment Bill early in the second Session of this parliament.
- A new future economic partnership with the EU, which includes a mutual commitment to uphold levels of environmental regulatory standards, and a reciprocal commitment not to regress on these standards. We have also committed to ongoing environmental cooperation with the EU, including in international fora.
- Continuing to uphold our obligations under international environmental treaties, and to playing an active role internationally, such as our leadership on illegal wildlife trafficking.

A strong and objective voice that champions and enforces environmental standards will help the Government achieve our objectives of a Green Brexit and the vision set out in the 25 Year Environment Plan. This is why our draft legislation will set out plans for an independent and statutory environmental body which enhances our environmental protections as we leave the EU. This will build on our recent consultation which explored the current EU environmental governance mechanisms and the potential for the new body to have roles including scrutiny and advice, considering complaints about the implementation of environmental law, and taking enforcement action against government where necessary. We will take account of responses to the consultation in bringing our proposals forward, as well as reflecting the requirement set out in the EU (Withdrawal) Act to provide for the new body to bring legal proceedings against government where necessary. At this stage, no devolved administration has agreed to the proposal of a UK wide body. We would welcome the creation of a UK body but respect the devolved governance and responsibility of many environmental matters.

Taken together our plans will provide a bespoke, nationally-determined framework once we are no longer covered by the existing environmental scrutiny, complaints and enforcement functions carried out by European Commission and European Environment Agency. This will hold future governments to account for delivering on their commitments to the natural world.

Recommendation 12

A statutory body of parliamentarians, modelled on the Public Accounts Commission, should set the EEAO’s budget, scrutinise its performance and oversee the governance of the EEAO. The Chair of the Environmental Audit Committee should be a member of this body and their endorsement should be required for the appointment or dismissal of the EEAO’s Chair following the procedure for that

of the Comptroller and Auditor General. If the oversight body is established on a UK-wide basis then the devolved legislatures may also wish to establish their own governance arrangements. (Paragraph 71)

The government has set out in our consultation on Environmental Principles and Governance that we believe the most appropriate approach would create an independent body that will be accountable to Parliament. We are exploring how best to achieve potential powers for scrutiny of government and advice to government. We are committed to coming forward with draft clauses this autumn that would provide further opportunity for input from Parliament and stakeholders. We look forward to engaging with Parliament on the best way to achieve this during pre-legislative scrutiny of these draft clauses.

Recommendation 13

The EEAO's remit should include advising on and monitoring how public authorities are complying with their duties, providing strategic oversight and reporting bi-annually to Parliament on progress against the Government's environmental targets, including scrutiny of the 25 Year Plan progress reports. It should have the power to initiate its own investigations and report directly to Parliament. (Paragraph 72)

Our recent consultation document proposes that the new body could have a role in scrutinising and advising government on environmental legislation and policy, considering complaints about the implementation of environmental law by public authorities, and taking enforcement action against government where necessary. It discusses the ability of the new body to carry out investigations and to produce reports for Parliament and government. We are now analysing responses to the consultation to determine proposals to bring forward in the draft legislation later this autumn.

Recommendation 14

The Government should ensure that the draft Environmental Principles and Governance Bill includes effective and proactive enforcement powers, with the power to fine government departments and agencies that fail to comply. The EEAO should be a body with an enforcement function within, or alongside its scrutiny function. The enforcement function should investigate compliance with environmental law, including complaints brought by the public, which the courts can then adjudicate. Any resulting fines from sanctions should be ring-fenced and used for an environmental fund for remediation works overseen by the EEAO. (Paragraph 73)

The government is clear that the establishment of the new environment body needs to provide an effective mechanism to monitor and where necessary take enforcement action to ensure the implementation of environmental law by the government. Draft legislation on these measures will, following the EU (Withdrawal) Act 2018, make provisions to ensure the new body can take proportionate enforcement action (including legal proceedings if necessary) against government. Our recent consultation document noted a range of possible enforcement mechanisms and asked consultees for their views on the new body's enforcement framework. The consultation document also noted that there are a number of public authorities with responsibility for applying and enforcing environmental

legislation. It confirmed that the new body will hold national government directly to account and asked whether any other authorities should be directly or indirectly in the scope of the new body.

The consultation also proposed that the new body should have a function to consider complaints from the public about alleged failures of government to implement environmental law. The intention here is to afford at least the same opportunities to submit environmental complaints and concerns as currently exist with the EU institutions. Such complaints could provide a basis for enforcement, but would not be the only possible trigger for such action. We are now analysing responses to the consultation to determine proposals to bring forward in the draft clauses on environmental principles and governance later this year, including on the issues raised in this recommendation. This includes considering the most appropriate overall approach to enforcement and legal proceedings as provided for in the EU (Withdrawal) Act 2018.

Recommendation 15

The governance consultation explicitly removes climate change from the oversight body's remit, creating an artificial divide. We recommend that the Committee on Climate Change and its Adaptation Sub-Committee maintains the lead role for climate change. The EEAO should be able to conduct its own investigations on climate change and should have a role for enforcement where legal duties are breached. We anticipate that the two bodies would work closely together and their work would be mutually reinforcing. (Paragraph 74)

Climate change issues are currently addressed through the Climate Change Act 2008 which goes beyond EU requirements. The Act provides a comprehensive framework to address climate change mitigation and adaptation including the independent oversight and advisory roles provided by the Climate Change Committee and the Adaptation Sub-Committee. Climate change is also subject to international governance beyond the EU via the UN Framework Convention on Climate Change. For these reasons, the consultation document did not propose including climate change in the new body's remit. We are carefully considering the responses we received to the consultation.

Recommendations 16, 17

We have heard compelling arguments that a UK-wide oversight body would be more resilient, more independent and provide the best level of environmental protection. This could be achieved by the oversight body being co-designed and co-owned to create a 'four nation' remit. However, the process of agreeing such an institution needs to be a conversation between Governments and legislatures, not an imposition from Westminster. The draft Bill must be published by December this year, so the conversation should already be under way. We are concerned that there is little evidence of progress so far. (Paragraph 81)

Common frameworks must be established as soon as possible to ensure that the environment is not simply reliant on the good will of this or any future Government. We recommend that the Government engages with the devolved administrations to set out goals for common frameworks which incorporate the environmental principles and transboundary environmental standards. (Paragraph 87)

The government has been clear that proposals in our consultation on Environmental Principles and Governance after EU Exit are concerned with environmental governance in England and reserved matters throughout the UK, for which the UK government has responsibility. We have also said that we would welcome the opportunity to co-design proposals with the devolved administrations to ensure they apply more widely across the UK, taking account of the different government and legal systems in the home nations.

In advance of publication, we discussed our proposals with the devolved administrations at both ministerial and official level. At this stage, no devolved administration has agreed to the proposal of a UK wide body. We would welcome the creation of a UK body but respect the devolved governance and responsibility of many environmental matters.

The government is committed to working closely with the devolved administrations, across a broad range of environmental policy areas, in order to achieve our shared environmental goals, whilst also respecting the devolution settlements and the individual needs of each administration.

We are also working closely with the devolved administrations on the specific policy areas where common frameworks may be necessary in relation to powers returning from the EU that intersect with devolved competence. We agree the common frameworks will have an important role to play and co-operation can provide benefits for each administration.

Our work on frameworks is being guided by the principles agreed at the Joint Ministerial Committee (EU Negotiations) in October 2017, and is progressing in a constructive and collaborative manner. We are consequently making good progress in refining the preliminary Frameworks Analysis published in March 2018.

Our aim is to identify and agree on the most appropriate framework arrangements, whether they are legislative, non-legislative, or a combination of both. With the devolved administrations we are working to develop a shared understanding of the issues, ensuring decisions are based on a thorough consideration of all the relevant factors, policy area by policy area. Our environmental goals and commitments are being kept fully in mind as we consider the need for, and shape of, common frameworks.

The Joint Ministerial Committee (EU Negotiations) has recently agreed that officials should consider the need for stakeholder engagement in further developing our framework proposals.

Recommendation 18

The Government has said it will not legislate until after the end of the Article 50 process. If there is no deal and no transitional period with the European Union then the United Kingdom will leave with no mechanism for enforcing environmental rights, targets and protections. This is an unthinkable prospect, and the Government must do everything to avoid it. *We expect the Government to set out, in its response to this report, measures to meet its commitments on environment governance in the event of leaving the European Union without a deal.* (Paragraph 91)

Government is confident of leaving the EU with a deal on an implementation period, which the EU has also confirmed it would like to agree. However, we are stepping up

preparations within government and Defra to make sure that a new statutory body is in place as soon as is practically achievable in the event of a no deal exit, with the necessary powers to review and, if necessary, take enforcement action in respect of ongoing breaches of environmental law after the jurisdiction of the CJEU has ended. This will mean that the Government will be held accountable as under existing EU law from the day we leave the EU.

As mentioned previously, the EU (Withdrawal) Act will ensure existing EU environmental law continues to have effect in UK law after exit, providing businesses and stakeholders with maximum certainty as we leave the EU. Until the new body is in place, for example, existing mechanisms will continue to apply: the Parliamentary Ombudsman will process complaints about maladministration; and third parties will be able to apply for Judicial Review against government and public authorities.

Recommendations 19, 20

For the 25 Year Plan to be a truly-cross Government document it needs robust mechanisms to embed its ambitions across Whitehall. Legislative targets and oversight are crucial to this. Government publications since the Plan suggest departmental buy-in outside DEFRA is patchy at best. Yet we have heard in many of our inquiries how greater consideration of sustainability and the environment can help departments achieve their goals. For example, we have heard frequently from businesses that well-designed, credible, long-term regulation to protect the environment and mitigate climate change promotes investment and innovation. By embracing this agenda, the UK can be a world leader. By rejecting it we will fall behind. This is a reality that many in Whitehall appear not to have understood. (Paragraph 98)

The Government's proposals for oversight and accountability of the Plan need to ensure all Government departments - not just DEFRA - are held to account. The Government should set out in its response to this report how the commitments in the Plan will be factored into the strategic decision-making of non-DEFRA departments - particularly the Treasury, Department for Business, Energy and Industrial Strategy, Ministry of Communities, Housing and Local Government, Department for Transport and Cabinet Office. Duties to meet targets and apply principles should apply to the departments and public bodies which deliver change. The Government should launch a series of high-profile cross-Whitehall initiatives to raise awareness of environmental protection. For example, a 'Green Growth challenge' could be introduced where every policy in each Department is tested for its net nature benefits. (Paragraph 99)

The 25 Year Environment Plan is a government plan for the environment. It sits alongside the Industrial Strategy and the Clean Growth Strategy. Although Defra maintains the overall lead for the 25 Year Environment Plan and its delivery, different departments are working closely together as required on specific issues relevant to their interests. For example, Defra has been working closely with The Ministry of Housing, Communities and Local Government (MHCLG) to ensure the principle of net gain is embedded within the revised National Planning Policy Framework (NPPF), contributing to the government's commitment to halt the overall decline in biodiversity, including by establishing coherent

ecological networks that are more resilient to current and future pressures. Treasury has also recently updated the Green Book setting out how to incorporate natural capital considerations into policy appraisal.

We will continue working closely with other departments across Whitehall to make sure the whole of government is aligned to achieving the goals set out in the 25 Year Environment Plan to the greatest extent possible.

Improving local delivery is also an important aspect of the 25 Year Environment Plan. We recognise the need for deeper integration and at present many organisations and partnerships, both within the public sector and beyond, pursue their own plans across different areas and boundaries. To improve local delivery, and to help deliver on key national policy commitments, the 25 Year Environment Plan sets out proposals to move towards co-designed and co-delivered ‘local natural capital plans’. We are currently working with a range of partners to develop our policy on this.

Recommendation 21

Our predecessor’s report on Sustainability in the Treasury made recommendations on how it could help Whitehall take decisions more sustainably. The Government’s response failed to engage with its recommendations and the Treasury ignored the Committee’s subsequent report asking them to look again. The Treasury should revisit its response to the report in the light of the commitments it has collectively signed up to in the 25 Year Plan. (Paragraph 100)

The 25 Year Environment Plan is collectively agreed and fully supported by all departments, including the Treasury. The government has already given a comprehensive response to the 2016 report ‘Sustainability and HM Treasury’ – the Treasury takes long-term sustainability seriously. Further to our response in 2017, the Treasury has taken further steps to improve consideration of sustainability, including publishing an updated Green Book with improved emphasis and guidance on natural capital.

Principles

Recommendation 22

The Government is now obliged to include key environmental principles in draft legislation. However, the wording in the governance consultation and the EU Withdrawal Act, that Government should ‘have regard to’ the principles and that their application is limited to central Government, rather than including all public bodies is too weak. It is likely that the principles will be contested once the accompanying policy statement is produced and scrutiny of this will be key to successfully establishing the principles in law and policy making. (Paragraph 109)

The government is committed to ensuring that the environmental principles will have an equivalent effect in the UK after we leave the EU. The draft legislation and forthcoming policy statement will provide further details of how these environmental principles will be interpreted and how they will apply in the making and development of policies. In most cases, it is central government which is responsible for policy making. In instances relating

to other public bodies, there is governmental oversight, and through central government's scrutiny, the environmental principles will be considered. We will also consider how to engage with public authorities during the development of the policy statement.

Recommendation 23

The Government should put into law the environmental principles that the UK has signed up to in international law and those which are embodied in the EU Treaties. The Government should include a principle in UK law that policy and all public bodies will seek to ensure a high level of environmental protection and a presumption that environmental protection will not be reduced. The Environmental Principles and Governance Bill must include provisions for “all public bodies to act in accordance with the principles” and should consider micro-duties aimed at specific public bodies that reflect their individual remits. (Paragraph 110)

In the EU Withdrawal Act, the government committed to publishing a draft legislation which would include the environmental principles that the UK has signed up to through international law and which are embodied in the EU Treaties. The draft legislation will be published in the autumn and will include the core list of environmental principles. These are: the precautionary principle, preventive action, rectification at source, polluter pays principle, integration principle, sustainable development, public access to environmental information, access to environmental justice and public participation in environmental decision-making.

Recommendation 24

What the principles will mean will largely be determined by the Government's statutory statement of policy. In some areas their interpretation may be fiercely contested. We are not convinced that principles need regular updating, but the interpretative statement needs robust scrutiny and - if the Government's pledge that protections will not be lost as result of leaving the EU is to be kept - a clear baseline set in primary legislation. The Government must consult widely on the interpretive policy statement. The original policy statement should be included as a schedule to the Bill itself - allowing it to be scrutinised fully by Parliament. Substantive amendments to the statement should only be made following a debate on the floor of the House. (Paragraph 111)

We recognise the importance of the policy statement in shaping the application of the principles and therefore will consult widely on the statement. We committed to working closely with stakeholders in the development of the policy statement as well as publishing a full consultation on the draft policy statement. We also committed in our consultation document for Parliament to scrutinise the Environmental Principles policy statement, and all subsequent revisions, before it is finalised.

Funding

Recommendation 25

In principle the redirection of Common Agricultural Policy money towards environmental protection is welcome. However, the details of the scheme are still to be decided. It is unclear how the scheme will be administered and it may not be introduced until 2024. Nor will this step alone be enough to deliver the Government's ambitions. The near-term priority must be to ensure that funding for public goods and environmental protection - already inadequate - is not reduced further as result of leaving the European Union. (Paragraph 122)

Leaving the EU and the Common Agricultural Policy (CAP) gives us a unique opportunity for fundamental reform of agricultural policy to realise the full potential of our land and shape our landscape for future generations.

We will maintain the same cash total funding for the sector until the end of this parliament in 2022: this includes all EU and Exchequer funding provided for farm support under both Pillar 1 and Pillar 2 of the current CAP. This commitment applies to each part of the UK.

Currently, efforts to enhance our environment have been limited by the structure of the CAP. It has imposed regulatory burdens and has not optimised the provision of public goods. Our new scheme will represent a positive shift away from this bureaucratic approach. It will be led by farmers and other land managers. They will take responsibility for entering agreements, deciding which environmental benefits to provide and how best to do so within the specific needs of their land and commercial operations. The details are being developed in close collaboration with those who will be delivering these benefits in future. This will make sure it delivers for the environment, the taxpayer, and make sure it reflects life on the ground for farm businesses and land managers.

Recommendation 26

The Government should, in its response to this report, guarantee to at least match existing EU funding for the environment in real terms for five years after the transition period ends, or in the event of no deal. (Paragraph 123)

In line with its manifesto commitment, the government will continue to commit the same cash total in funds for farm support until the end of this Parliament in 2022 and the principal public good we want to support in future is environmental protection and enhancement. In addition to this, UK organisations that secure funding through EU programmes, from now until the end of 2020, will be guaranteed by the UK government, even in a no deal scenario.¹

Any funding decisions beyond this will be considered as part of the next spending review. We are considering how environmental projects can be best supported in future when the UK is no longer part of the EU.

¹ <https://www.gov.uk/government/news/further-certainty-on-eu-funding-for-hundreds-of-british-projects>

Recommendation 27

The debate over environmental funding has been dominated by CAP and rural payments. Urban environments are equally important and do not receive the same attention in the Plan. As we have heard during inquiries ranging from soil health to heatwaves, “green infrastructure” and environmental protection in urban areas has significant public health and social benefits, as well as their own intrinsic value. The Government should set out in its response to this Report how it intends to take forward more effective funding of urban environmental enhancement and what steps Whitehall departments are taking to consider how green infrastructure can achieve their departmental goals. (Paragraph 126)

The government agrees that environmental protection in urban areas has significant public health and social benefits.

The 25 Year Plan pays particular attention to urban environments in Chapter 3: Connecting People with the Environment to Improve Health and Wellbeing. We make commitments to encourage investment in green infrastructure in urban areas. As well as planting more trees in our towns and cities, we commit to define what “good” green infrastructure is in order to create a level playing field for investors and to help focus attention on areas where provision is insufficient. This new definition will incorporate the latest evidence on the links between mental and physical health and green spaces.

Natural England is leading the establishment of a national framework of green infrastructure standards which will be published in 2019. The project is being overseen by a cross government steering group, led by Defra, and with representatives from MHCLG, Public Health England (PHE) and the Department for Transport (DfT). It has also established an Advisory Group with representatives from organisations with planning, green space and health expertise, including the Parks Action Group. These organisations will help to develop and implement the green infrastructure standards. Once the framework is published, we will support Local Authorities to assess green infrastructure provision against the new standards and work with MHCLG to see how our commitments on green infrastructure can be incorporated into national planning guidance and policy.

MHCLG has recently published a revised National Planning Policy Framework. Changes to the framework see the planning system align more closely with the government’s 25 Year Plan. The new framework has been updated to provide further protection for biodiversity and greater focus on healthy lifestyles; ensuring wildlife thrives at the same time as addressing the need for new homes.

The National Planning Policy Framework is clear that development should achieve net gains for biodiversity, take a strategic approach to maintaining and enhancing networks of habitats for biodiversity, and plan for the enhancement of natural capital including in urban areas. As stated in the 25 Year Environment Plan, the government has strengthened policy for biodiversity net gain in the planning system. This should be achieved in all communities, including those in urban environments, and we will be working with MHCLG on further guidance to make sure this achieves positive outcomes for all communities.

The revised National Planning Policy Framework requires local authorities to have strategic priorities, including the policies and sites necessary to provide infrastructure, including green infrastructure. Strategic policies should look ahead a minimum of 15 years to respond to long-term opportunities, such as those arising from major improvements in infrastructure.

The government has strengthened wording around healthy and safe communities so that plans and policies enable and support healthy lifestyles through the provision of green infrastructure, sports facilities, access to healthier food and layouts that encourage walking and cycling. The National Planning Policy Framework also supports new development that manages the risks from climate change and air quality, including through the provision of green infrastructure.

Through the National Planning Policy Framework the government is reforming viability to make sure that developers know the contributions expected of them and that local communities are clear about the infrastructure they will get alongside new homes. New planning practice guidance on viability published on 24 July, states that plans should set out the contributions expected from development including setting out the levels and types of affordable housing provision required, along with other infrastructure such as that needed for green infrastructure. The government is also reforming the Community Infrastructure Levy to reduce complexity, increase certainty and further improve transparency.

In addition to reforms to the National Planning Policy Framework, the government has made a £5 billion fund available to provide infrastructure, including green infrastructure, through the Housing Infrastructure Fund targeted at potentially unlocking up to 600,000 homes in areas where housing need is greatest.

Recommendation 28

A robust and legally enforceable principle of environmental net gain carries with it potential benefits and could unlock significant private sector investment in green infrastructure. However, there are also potential risks for the environment, particularly biodiversity. Much will depend on the detail of the proposals. We are concerned by the Government's decision to move from "net biodiversity gain" to the broader concept of "net environmental gain". It should set out why this has happened and its timescales for developing and introducing the concept. (Paragraph 139)

We welcome the committee's recognition of the potential benefits of net gain approaches. As stated in the 25 Year Environment Plan, the first step we are taking towards embedding environmental net gain in development is to mainstream biodiversity net gain in the planning system by strengthening planning policy, and to consult on whether biodiversity net gain should become a mandatory requirement for development.

It is clear that biodiversity net gain is, and should remain, the central pillar around which wider approaches might be developed. The loss of biodiversity reduces the function and resilience of natural capital assets, and so net gain for biodiversity will continue to underpin any wider natural capital or environmental net gains approach. Development is, however, also affected by wider environmental dependencies and impacts, and the

concept of environmental net gain could help to give these wider issues, such as flood risk and recreation opportunity, greater consideration at the point of development planning and design.

The revised 2018 National Planning Policy Framework sets out strengthened policy on biodiversity net gain, and we will be consulting on mandatory biodiversity net gain requirements in the planning system shortly. Over the longer term, we will develop the concept of environmental gain, which will require the development, piloting and refinement of new tools, metrics and approaches. The development and testing of these tools and metrics is underway and we will review environmental net gains policy as the evidence base develops.

Recommendation 29

When implementing net gain, the Government needs to put legally enforceable protections in place to ensure that different aspects of the environment are not traded off against each other and that it doesn't become a "pay to pollute" scheme. There should be a clear transfer of existing commitments between the 25 Year Plan and future policy documents such as the National Planning Policy Framework to ensure that the aspirations of the Plan are carried over. (Paragraph 140)

As stated already, developing the concept of environmental net gain will take place over a longer timescale. We agree any environmental net gain approach would likely need clear protections and stipulations to prevent undesirable trading of natural capital asset characteristics, particularly with regard to biodiversity. There could be circumstances, however, in which other natural characteristics (excluding habitats for biodiversity) could advantageously be traded according to specific locally agreed priorities.

The net gain policy under development will incentivise better designed development, which avoids and mitigates damage to natural capital, and which includes retained and new habitats within new developments. A key part of incentivising such an approach is to make good practice more cost effective than poor practice. Our proposals for net gain policy will be set out in greater detail in the forthcoming consultation on biodiversity net gain in the planning system.

Recommendation 30

Natural capital thinking could offer a means to promote awareness of the importance of nature to other Government departments, businesses and developers. It could help secure funding for environmental protection and help quantify some of the benefits that we derive from nature. As the Government itself states, returns on these investments are higher than conventional infrastructure. However, the concept also brings with it the danger that the environment becomes a commodity for sale. As with net gain, much will depend on the detail. The Plan's implementation must recognise that natural capital is not, and cannot be, the sole measure of value or guide to protecting the environment. Legal protections cannot be replaced by an economic valuation. Irreplaceable natural capital, such as ancient woodland, plants and wildlife, which cannot easily be assigned an economic value, must be protected. *The Government should set out detailed*

plans for implementing its natural capital approach in its response to this report. It should set out its position on introducing a statutory basis for natural capital accounting. (Paragraph 143)

The government agrees that natural capital is an important tool to help integrate and shape environmental policy and delivery. It sits at the heart of the 25 Year Environment Plan, features strongly in the government's updated Green Book, and the Natural Capital Committee continues to provide world leading advice on the topic. We will continue to work with specialists and practitioners to develop a natural capital approach that works effectively at different scales to improve environmental decision making. This will be particularly important as we develop 'local natural capital plans' (see response to paragraph 109 above). We are very clear however that natural capital, while better than other tools for shaping effective environmental policy, cannot be an absolute arbiter. In implementing a natural capital approach, we will make sure it complements existing legal protections, recognising that not every aspect of environmental change can be quantified and expressed effectively in economic value terms.

With regard to natural capital accounting, the Office for National Statistics (ONS) updated and published its 'roadmap' setting out plans for a full set of UK natural capital accounts by 2020. Over the same time frame the United Nations Statistical Commission is working to establish international standards for the compilation of ecosystem accounts (equivalent to our natural capital accounts). The UK is taking a leading role in this process. Once the full set of UK accounts has been developed and international standards established, we will be better able to assess the merits and feasibility of placing the accounts on a statutory basis.